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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Federal-State Joint Board on Universal)
Service)

CC Docket No. 96-45

MOTION FOR EXTENSION OF TIME TO FILE COMMENTS

U S WEST, Inc. ("U S WEST"), Sprint Corporation ("Sprint") and Pacific Bell hereby request an extension of time to respond to the Federal Communications Commission ("Commission") analysis of forward-looking economic cost proxy models.

On January 9, 1996, the Commission issued a Public Notice¹ in which it requested comments on a Staff paper titled *The Use of Computer Models for Estimating Forward-Looking Economic Costs* ("the Paper"). The Commission indicates that it is considering the use of forward-looking proxy models in the Universal Service Docket (CC Docket No. 96-45), the Access Charge Reform Docket (CC Docket No. 96-262) and the Local Exchange Competition Docket (CC Docket No. 96-98). They state that "[t]he record gathered in response to this paper may at a future date be associated with the official record" of these proceedings, and "may

¹ Public Notice, Commission Staff Releases Analysis of Forward-Looking Economic Cost Proxy Models, DA 97-56, rel. Jan. 9, 1997.

be used to support Commission determinations in those rulemakings.”² The Commission requests comment on the issues raised in the Paper by February 3, 1997 and reply comments by February 14, 1997.

In the Background section of the Paper, the Staff identifies four models which “[p]arties have submitted for consideration by the Commission and the Joint Board.” Those are the *Cost Proxy Model* (“CPM”) submitted by Pacific Bell and INDETEC International, the *Benchmark Cost Model 2* (“BCM2”) submitted by Sprint and U S WEST, the *Hatfield Model 2.2 release 1* (“Hatfield 2.2.1”) submitted by AT&T Corp. (“AT&T”) and MCI Telecommunications Corporation (“MCI”), and the *Hatfield Model 2.2 release 2* (“Hatfield 2.2.2”) also submitted by AT&T and MCI. In the Model Structure and Input Requirements section of the Paper, the Staff comments generally about the criteria that they believe should be used in evaluating cost proxy models, and specifically concerning how each of the submitted models addresses the issues raised by these criteria.

On January 14 and 15, 1997, in the context of CC Docket No. 96-45, the Commission sponsored Workshops to examine the various proxy models as directed by the Joint Board in their recommended decision of November 8, 1996.³ At these Workshops, representatives of the BCM2 and the CPM indicated that they had combined their forces to develop a new model, the *Benchmark Cost Proxy Model* (“BCPM”), which would combine the best aspects of both models, and include

² Id. at 1.

³ In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Recommended Decision, rel. Nov. 8, 1996.

enhancements designed to address comments received on these models during prior phases of this proceeding. They indicated that the BCPM would be provided to the Commission by January 31, 1997.⁴ The sponsors of the Hatfield models also indicated that they would be introducing a new version of their model, *Hatfield Model version 3* ("Hatfield 3), also on January 31, 1997.⁵ They indicated that this new version would contain extensive changes from Hatfield 2.2.2 designed to address input which had been received on the model. In addition to these two models, Dr. Ben Johnson presented his Telecom Economic Cost Model.⁶

Pacific Bell, U S WEST and Sprint have several concerns regarding the dates specified for comments on the Paper.

First, while we applaud the thoroughness with which the Staff has addressed the criteria to be considered in the evaluation of proxy models and its assessment of how each of the models available to it met its criteria, its evaluation was necessarily limited to CPM, BCM2 and Hatfield 2.2.2. Since the sponsors of each of these models have indicated that these models will be superseded by newer versions released by January 31, 1997 which address many of the observations contained in the Paper, efforts of parties commenting on these earlier versions, and of the state and federal Staff members evaluating these comments could be largely wasted.

⁴ The BCPM sponsors presented public workshops describing the BCPM and providing detailed BCPM documentation to interested parties on Jan. 13, 1997.

⁵ The Hatfield sponsors presented public workshops generally describing the changes which would be contained in Hatfield 3 on Jan. 13, 1997.

⁶ Dr. Johnson also presented an overview presentation of his model at the public workshops on Jan. 13, 1997.

With the press of the many issues currently before the Commission, such a waste of time and effort would clearly not be in the public interest.

Second, we are concerned that parties who may wish to comment on BCPM will be limited to the information provided in our model documentation, and will neither have the program to examine, nor actual data from BCPM to use in the development of their comments. We are also concerned that we, along with other parties, will be able to comment on Hatfield 3 based only upon the general descriptions which the Hatfield sponsors have provided to date, and also without the benefit of examining the Hatfield 3 or actual run data from Hatfield 3.

Finally, we are mindful of the statutory requirements on the Commission to render key decisions according to the time frames specified in the 1996 Act. We realize that the Staff requires timely input by interested parties in order to meet its duty to provide advice to the Commission so that its decisions may be based upon the best factual record. Nevertheless, the fact that the existing record could well be completely obsolete by next week militates in favor of a modest extension of time.

With all of the above in mind, Pacific Bell, Sprint and U S WEST respectfully request that the Commission modify the time frames for response in one of the following two alternative manners:

**ALTERNATIVE 1: ALLOW COMMENTS AND REPLIES BASED
UPON A REVIEW OF THE NEW VERSIONS
OF THE MODELS**

In order that parties have an opportunity to examine the new model versions which will be placed on the record, we would respectfully request that the comment and reply dates be extended by two weeks to February 17 and February 28, respectively. By extending the comment date to February 17, interested parties should have had an opportunity to examine the new versions of the models for approximately two weeks. We would further suggest that should the Commission choose to grant this alternative, that the parties submitting new models for this record be required to specify in their comments, in detail, how their new model versions addresses each of the criterion established by the Staff in the Paper. Such parties should also be required to extend full cooperation to other parties in conducting analyses of their models. This would allow other interested parties to base their comments on a preliminary analysis of the new models filed by the sponsors,⁷ but allow their reply comments to be aided by the detailed statement of the sponsors regarding how they address each issues identified in the Paper.⁸

⁷ It should be noted that it took many months of examination of the prior versions of these models for parties to develop a sufficient understanding of their workings to make meaningful comments on their usefulness. Given this history, it is optimistic to assume that within two weeks time, parties can provide significant input on the processes employed in the new models.

⁸ While it might be desirable for the sponsors of the new models to provide such detail in comments to be filed on Feb. 3, 1997, this alternative is not possible since the personnel who are capable of providing such information will be fully occupied in the preparations of the Jan. 31, 1997 filing of the models.

**ALTERNATIVE 2: ALLOW REPLY COMMENTS TO BE BASED
ON A REVIEW OF THE NEW MODELS**

Under this alternative (which we consider to be a second-best solution) comments would still be due on February 3, 1997, but these comments would be limited to qualitative comments regarding the criteria outlined in the staff paper for evaluation of proxy models and how individual parties' models meet that criteria.⁹ Reply comments would be extended by one week to February 21, 1997. This would allow parties to examine the new models for three weeks prior to filing reply comments, and allow for a preliminary assessment of how each of the new models meets the criteria outlined in the Paper. We consider this to be a second-best solution since only a cursory examination could be conducted in such a short period of time and there would not be room for a rebuttal round by the proponents of the various models.

As stated by the BCPM sponsors at the January 14, 1997 workshop, the impact of the selection of a proxy model or models for use in the wide scope of proceedings which the Commission has indicated will be enormous. The financial impact could be in the tens of billions of dollars annually. The impact on services that customers will receive will also be significant. Since the models may be used to determine the compensation which carriers will receive for many uses of their networks, the network design incorporated in the selected model would become the *de-facto* standard for network construction in the future. Given the significance of

⁹ See note 8, *supra*. Because the actual model development is extremely time-consuming, these initial comments would necessarily be somewhat truncated.

this decision on telecommunications into the next century, the extension of several weeks in the comment cycle to allow parties to comment on the actual models which will be in contention (and which will be released next week) is a reasonable and prudent step.

Wherefore, we request that the date for comment in the above-captioned proceeding be extended until February 17 and February 28, 1997.

Respectfully submitted,

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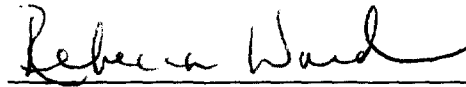
Its Attorneys

Of Counsel,
Dan L. Poole

January 24, 1997

CERTIFICATE OF SERVICE

I, Rebecca Ward, do hereby certify that on this 24th day of January, 1997, I have caused a copy of the foregoing **MOTION FOR EXTENSION OF TIME TO FILE COMMENTS** to be served via hand-delivery upon the persons listed on the attached service list.

A handwritten signature in cursive script, reading "Rebecca Ward", is written over a horizontal line.

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